

HCBS Transitions Services

On May 9, 2002, a letter was issued to all State Medicaid Directors announcing the coverage of Community Transition Services under Medicaid Home and Community-Based Services (HCBS) waivers, granted under section 1915(c) of the Social Security Act.

The following Question & Answer provides further definition of the amount of transitional expenses for which a state can claim match.

Q. Is there a limit to the amount of transitional expenses related to security deposits, for which a state operating a home and community based services (HCBS) waiver program can claim match?

A. According to the May 9, 2002 State Medicaid Director letter (#02-008) on coverage of one-time transitional expenses, states may secure federal matching funds under HCBS waivers for one-time, transitional expenses such as security deposits. However, “federal funds under Medicaid HCBS waivers are not available to cover rent.”

To date, the Centers for Medicare and Medicaid Services (CMS) has neither defined the term security deposit nor set a cap on the amount allowed. Under a HCBS waiver program, a state could choose to pay for a one-time transitional expense in the form of a security deposit in an amount equal to or greater than the first month’s rent to a willing landlord. The security deposit is a one-time expense and is not to be considered rent. In such cases, CMS will expect States to bill only for the security deposit and not break out the cost of rent even if the landlord chooses to waive the first month’s rent. CMS does not expect such a security deposit to exceed the equivalent of two month’s rent.

Links to Other Resources:

[May 9, 2002 Letter to State Medicaid Directors](#)

[HCBS Waiver Home Page](#)